

## Message Text

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ORIGIN ARA-10

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DRAFTED BY ARA/BC/C:AISAACS:BJD

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P 082130Z MAY 75

FM SECSTATE WASHDC

TO AMEMBASSY SANTIAGO PRIORITY

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E.O. 11652:N/A

TAGS: CI, EFIN

SUBJECT: PARIS CLUB RESCHEDULING OF CHILE DEBT

1. WASHINGTON POST MAY 8 CARRIED BRIEF ITEM REPORTING THAT PARIS CLUB CREDITORS HAD REACHED AGREEMENT ON CHILE DEBT RESCHEDULING. ITEM INTER ALIA ALLEGED THAT USG HAD OPPOSED SIMILAR PARIS CLUB ACTION IN 1972. TEXT OF ARTICLE BEING SENT VIA USIA SIGNALS MESSAGE.

2. FOLLOWING CONTINGENCY GUIDANCE WAS PREPARED FOR DEPARTMENT SPOKESMAN. NO QUESTIONS AROSE AT MAY 8 NOON BRIEFING.

3. QUOTE: Q: IS IT TRUE THAT THE PARIS CLUB MEETING ON THE CHILE DEBT WAS HELD AND THE U.S. AGREED WITH FRANCE AND OTHER MEMBER COUNTRIES TO RESCHEDULE CHILE'S DEBT TO THEM?

A: THERE HAVE BEEN SEVERAL DELAYS IN SCHEDULING A PARIS

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CLUB MEETING TO CONSIDER THE CHILE DEBT QUESTION. HOWEVER,

ALL BUT TWO OF THE PARIS CLUB MEMBERS (U.K. AND ITALY) DID ACCEPT THE FRENCH GOVERNMENT'S INVITATION TO MEET ON THE SUBJECT ON MAY 5-6. SEVERAL OF THE SMALLER CREDITOR COUNTRIES ATTENDED AS OBSERVERS. THE MAJOR CREDITORS IN THE PARIS CLUB, INCLUDING WEST GERMANY, FRANCE, U.S., CANADA, SPAIN, JAPAN AND SWITZERLAND, WHO COLLECTIVELY HOLD 80 PER CENT OF CHILE'S OBLIGATIONS DUE IN 1975, DID REACH AGREEMENT ON A MULTILATERAL BASIS FOR DEALING WITH THE CHILE DEBT QUESTION.

Q: IT IS REPORTED THAT WHEN PRESIDENT ALLENDE SOUGHT A SIMILAR DEBT RENEGOTIATION FROM THE PARIS CLUB IN 1972, THE U.S. WAS OPPOSED BUT THAT OTHER MEMBERS OF THE PARIS CLUB OVERRULED THE U.S. AND APPROVED A PARTIAL RESCHEDULING.

A: THAT ACCOUNT OF THE 1972 RESCHEDULING OF CHILE'S DEBT BY THE PARIS CLUB IS TOTALLY ERRONEOUS. THE U.S. ATTENDED ALL THE PARIS CLUB SESSIONS HELD DURING THE ALLENDE GOVERNMENT AND SIGNED THE CHILE 1972 MULTILATERAL UNDERSTANDING OF THE PARIS CLUB. WE SUBSEQUENTLY ENTERED INTO BILATERAL DISCUSSIONS WITH THE ALLENDE GOVERNMENT FOR RESCHEDULING THE 1972 DEBT AND A BILATERAL AGREEMENT TO THAT EFFECT WAS FINALLY CONCLUDED IN DECEMBER 1973.

Q: WASN'T THE HUMAN RIGHTS ISSUE A MAJOR STICKING POINT WITH MANY PARIS CLUB MEMBERS AND HOW WAS THIS PROBLEM RESOLVED?

A: ALTHOUGH THE PARIS CLUB HAS TRADITIONALLY BEEN CONCERNED SOLELY WITH THE FINANCIAL AND TECHNICAL QUESTIONS INVOLVED IN REQUESTS RECEIVED BY DEBTOR COUNTRIES FOR THE RESCHEDULING OF THEIR OBLIGATIONS, THE HUMAN RIGHTS QUESTION WAS RAISED AS A MATTER OF CONCERN IN THE MAY 5-6 MEETING. THE MULTILATERAL UNDERSTANDING SIGNED BY THE MAJOR CREDITORS, INCLUDING THE U.S., REFLECTS THAT CONCERN AND TAKES NOTE OF THE FACT THAT THIS ISSUE IS BEING DEALT WITH BY THE COMPETENT U.N. COMMISSION. UNQUOTE. KISSINGER

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